

**PITTSFIELD ECONOMIC
DEVELOPMENT AUTHORITY**

**Financial Statements and
Supplementary Information**

December 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Pittsfield Economic Development Authority, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Pittsfield Economic Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Pittsfield Economic Development Authority, as of December 31, 2024, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pittsfield Economic Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pittsfield Economic Development Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pittsfield Economic Development Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pittsfield Economic Development Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 5 and the Schedule of Proportionate Share of Net Pension Liability and Pension Contributions on page 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Pittsfield Economic Development Authority's basic financial statements. The accompanying Statement of Revenues and Expenses Budget and Actual on page 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2025 on our consideration of the Pittsfield Economic Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pittsfield Economic Development Authority's internal control over financial reporting and compliance.

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April 14, 2025

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

December 31, 2024

As fiscal management of the Pittsfield Economic Development Authority (the Authority), we offer readers of these financial statements, an overview and analysis of the financial activities of the Authority. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the Authority's financial position, identify any material deviations from the approved budget, and identify individual issues or concerns.

The Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements that follow.

The Authority was created by the Massachusetts Legislature in 1998 for the purpose of redeveloping brownfields properties and promoting economic development in the City of Pittsfield. The Authority, governed by a Board of Directors, is a quasi-public agency created by a special act of the Massachusetts State Legislature, for the purpose of being the recipient and redeveloper of approximately 52 acres of General Electric Company's former industrial facility located in the heart of Pittsfield, Massachusetts. This development, known today as the William Stanley Business Park, has three of its parcels occupied and one under contract, leaving nine prime building sites available with multiple building options for new business and industry.

The Authority's work must be transparent, fiscally and socially responsible, economically, socially and environmentally sustainable, consistent, inclusive, and equitable. The Authority will accomplish this by collaboration, market focus, and accountability.

The Authority must work with businesses to pave the way for their development and expansion. It must work with citizen groups, environmental groups, and labor to ensure they participate in the economic growth of the area. In addition, the Authority must work closely with the City of Pittsfield, the federal government, and state government, to ensure the public sector offers a supportive role for businesses and a regulatory level appropriate for the public safety and health of the community.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the current fiscal year resulting in a net position of \$20,303,141. This includes \$634,814 in unrestricted net position available to meet the ongoing operations of the Authority, and \$19,668,327 invested in capital assets, net of related debt.

Overview of the Financial Statements

Proprietary Fund

Proprietary funds report the enterprise, or business-type activities of the Authority. The Authority's financial statements consist of three main statements: Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows. Notes and supplementary information that disclose information about the nature of the Authority's business, accounting policies and additional information about specific statement amounts follow these statements.

The Authority's net position consists of its net investment in capital assets (e.g. land, infrastructure and office equipment), less any debt used to acquire those assets. Although the Authority's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Statement of Revenues, Expenses and Changes in Fund Net Position report the results of both operating and non-operating activities.

The Statement of Cash Flows, which is presented using the direct method, accounts for the change in the cash and cash equivalents balance between January 1 and December 31. The cash flows statement provides the detail on the cash the Authority received from and paid for operating and non-operating, investing, and financing activities.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY
Summary Statement of Net Position
December 31,

	2024	2023	Change
Assets			
Cash and cash equivalents	\$ 651,346	\$ 1,795,327	\$ (1,143,981)
Short-term investments	1,209,738	1,556,916	(347,178)
Receivables	71,385	175,197	(103,812)
Forgivable notes receivable	180,000	200,000	(20,000)
Prepaid expenses	87,960	92,297	(4,337)
Leases receivable	220,304	222,498	(2,194)
Capital assets, net	19,741,411	10,407,562	9,333,849
Total assets	<u>22,162,144</u>	<u>14,449,797</u>	<u>7,712,347</u>
Deferred outflows related to pensions	<u>12,794</u>	<u>20,586</u>	<u>(7,792)</u>
Liabilities			
Accounts payable	30,926	53,180	(22,254)
Advanced revenue	1,400,811	2,997,865	(1,597,054)
Long-term debt	73,084	197,301	(124,217)
Net pension liability	146,672	156,099	(9,427)
Total liabilities	<u>1,651,493</u>	<u>3,404,445</u>	<u>(1,752,952)</u>
Deferred inflows related to leases receivable	<u>220,304</u>	<u>222,498</u>	<u>(2,194)</u>
Net position			
Invested in capital assets, net of related debt	19,668,327	10,210,261	9,458,066
Unrestricted	<u>634,814</u>	<u>633,179</u>	<u>1,635</u>
Total net position	<u>\$ 20,303,141</u>	<u>\$ 10,843,440</u>	<u>\$ 9,459,701</u>

The table below provides a summary of the changes in net position for the year ended December 31:

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY
Summary Change in Net Position
December 31,

	2024	2023	Change
Operating revenues			
General Electric Company	\$ 150,687	\$ 133,183	\$ 17,504
Ground lease income	12,162	15,668	(3,506)
CAM management fee income	10,395	10,155	240
Rental and other income	6,000	31,449	(25,449)
Total operating revenues	<u>179,244</u>	<u>190,455</u>	<u>(11,211)</u>
Operating expenses			
Management and general expenses	121,732	44,689	77,043
Project development expenses	94,583	95,196	(613)
Forgiveness of note receivable	20,000	20,000	-
Depreciation	262,976	262,973	3
Total operating expenses	<u>499,291</u>	<u>422,858</u>	<u>76,433</u>
Operating income (loss)	(320,047)	(232,403)	(87,644)
Non-operating revenue			
Site 9 development grant income	9,596,825	422,658	9,174,167
Forgiveness of loan payable	124,217	-	124,217
Interest income	58,706	58,774	(68)
Change in net position	<u>\$ 9,459,701</u>	<u>\$ 249,029</u>	<u>\$ 9,210,672</u>

The Authority reported a change in net position in fiscal year 2024 of \$9,459,701. This increase in net position is the result of the following activities:

- The Authority recorded a loss from operations of \$320,047. This loss from operations is a result of the following items:
 - Non-reimbursable depreciation expense of \$262,976, which was incurred on fixed assets received from General Electric Company (GE) or purchased with GE funds, and is not allowed to be charged against current year funding received from GE.
 - The Authority is required to report a long-term projected benefit obligation for its proportionate share of the Pittsfield Retirement System's net pension liability. Accordingly, the Authority recorded a decrease of \$(1,635) in their estimated proportionate share of this net pension liability for 2024, which is a non-reimbursable item at this time. Additional information on the net pension liability is disclosed in Note 5 to the financial statements.
 - The remaining loss was offset by interest income of \$58,706.

The Authority also drew down \$9,596,825 in capital grant funds for the development of Site 9. The costs incurred of the same amount are capitalized and included in capital assets on the statement of net position.

Budgetary Highlights

Explanation of significant budget vs actual variances for 2024 are as follows:

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
General Electric Company revenue	\$ 276,040	\$ 150,687	\$ (125,353)
Capital grant income - Site 9	10,459,593	9,596,825	(862,768)
Capital outlay - Site 9	(10,459,593)	(9,596,825)	862,768
Contract costs	126,640	58,731	67,909

General Electric Company

The Authority utilizes General Electric Company (GE) funds for capital and operating costs. After applying other sources of operating revenues, such as lease income and grants, the GE funds are used to subsidize the operations. For fiscal year 2024, the Authority utilized \$150,687 of GE funds to subsidize its operating costs. Unused GE funds, which are reported on the Statement of Net Position as advanced revenue, are carried forward to be utilized in next year's operations. Additional information on the advanced GE funds is disclosed in Notes 8 and 9 of the financial statements.

Capital Grant Income and Capital Outlay - Site 9

The Authority was awarded grants from various sources (Brownfields grant, Site Readiness program grant, MassWorks infrastructure program grant, Economic Development Earmark, City of Pittsfield, and General Electric Company) to redevelop Site 9 at the William Stanley Business Park. These awards are reimbursable grants and require work to be completed prior to receiving payment. During 2024, \$9,596,825 in capital grant funds were utilized for work done on Site 9. Development was mostly complete as of December 31, 2024, with environmental testing and final approval of the amended environmental restrictions easement expected to be completed in Spring 2025.

Contract Costs

Each year, the Authority budgets for environmental testing, legal fees, engineering, and other contract costs associated with developing various parcels within the William Stanley Business Park. Actual costs for environmental testing and inspections came in under the projected budget amount by \$67,909.

Site 9 Redevelopment Project

The Authority has secured approximately \$10.8 million in funding from various sources (Brownfields grant, Site Readiness program grant, MassWorks infrastructure program grant, Economic Development Earmark, City of Pittsfield, and General Electric Company) to redevelop certain property known as Site 9. The project includes the removal of old building foundations, addition of roadways and greenspace within the parcel. The design and site readiness phase of the project began in 2023, and construction began in early 2024. Construction was mostly complete as of December 31, 2024. The Authority is working with the MA Department of Environmental Protection and the Environmental Protection Agency on final testing of the site and approval of the amended environmental restrictions easement, which is expected to be completed in Spring 2025. Site 9 is a 16-acre parcel at the corner of Woodlawn Avenue and Tyler Street Extension, which previously housed a General Electric Company factory and is the largest section of the William Stanley Business Park. The end goal of the redevelopment project is to have private investment, private development, and economic development on the site.

Long-term Debt

The Authority's long-term debt consists of \$73,084 owed to the Massachusetts Development Finance Agency, which is described in detail in Note 11 to the financial statements.

Economic Dependency

The Authority is heavily dependent on funds provided by General Electric Company under the Definitive Economic Development Agreement (DEDA) between General Electric Company and the City of Pittsfield and the Authority. As of December 31, 2024, there is \$1,400,811 in advanced revenue which is available for future spending. Additional information can be found in Notes 8 and 9 of the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Pittsfield Economic Development Authority for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, P.O. Box 617, Pittsfield, MA 01202.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

December 31,

	2024	Comparative 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 651,346	\$ 1,795,327
Short-term investments	1,209,738	1,556,916
Rent receivable	9,555	1,587
Grants receivable	61,830	173,610
Forgivable note receivable, current portion	20,000	20,000
Prepaid expenses	87,960	92,297
Leases receivable, current portion	<u>2,295</u>	<u>2,195</u>
Total current assets	2,042,724	3,641,932
Forgivable note receivable, less current portion	160,000	180,000
Leases receivable, less current portion	218,009	220,303
Capital assets, net	<u>19,741,411</u>	<u>10,407,562</u>
Total assets	<u>22,162,144</u>	<u>14,449,797</u>
Deferred outflows of resources		
Related to pensions	<u>12,794</u>	<u>20,586</u>
Liabilities		
Accounts payable	30,926	53,180
Advanced General Electric Company revenue	1,400,811	2,997,865
Long-term debt	73,084	197,301
Net pension liability	<u>146,672</u>	<u>156,099</u>
Total liabilities	<u>1,651,493</u>	<u>3,404,445</u>
Deferred inflows of resources		
Related to leases receivable	<u>220,304</u>	<u>222,498</u>
Net position		
Invested in capital assets, net of related debt	19,668,327	10,210,261
Unrestricted	<u>634,814</u>	<u>633,179</u>
Total net position	<u>\$ 20,303,141</u>	<u>\$ 10,843,440</u>

See notes to financial statements.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31,

	2024	Comparative 2023
Operating revenues		
General Electric Company	\$ 150,687	\$ 133,183
Ground lease income	12,162	15,668
CAM management fee income	10,395	10,155
Rental and other income	6,000	31,449
Total operating revenues	<u>179,244</u>	<u>190,455</u>
Operating expenses		
Management and General		
Contracted services	63,015	60,415
Retirement contributions	14,885	16,721
Change in net pension liability	(1,635)	(73,249)
Administrative expenses	2,548	2,991
Advertising and marketing	2,588	7,610
Insurance	5,563	5,025
Maintenance and repairs	15,442	7,006
Professional fees	18,500	17,000
Telephone and utilities	826	1,170
Total management and general	<u>121,732</u>	<u>44,689</u>
Project Development		
Insurance	35,852	37,747
Contract costs	58,731	57,449
Forgiveness of note receivable	20,000	20,000
Depreciation	262,976	262,973
Total project development costs	<u>377,559</u>	<u>378,169</u>
Total operating expenses	<u>499,291</u>	<u>422,858</u>
Operating income (loss)	<u>(320,047)</u>	<u>(232,403)</u>
Non-operating revenue		
Site 9 development grant income		
General Electric Company	1,446,367	-
Other grant income	8,150,458	422,658
Total Site 9 development grant income	9,596,825	422,658
Forgiveness of loan payable	124,217	-
Interest income	58,706	58,774
Total non-operating revenue	<u>9,779,748</u>	<u>481,432</u>
Change in net position	9,459,701	249,029
Net position, beginning	<u>10,843,440</u>	<u>10,594,411</u>
Net position, ending	<u>\$ 20,303,141</u>	<u>\$ 10,843,440</u>

See notes to financial statements.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended December 31,

	2024	Comparative 2023
Cash flows from operating activities:		
Receipts from rental and leasing activities	\$ 20,589	\$ 58,434
Payments for goods and services	(123,207)	(111,045)
Payments for contracted services	(77,900)	(77,136)
Net cash provided (used) by operating activities	(180,518)	(129,747)
Cash flows from capital and related financing activities:		
Receipts of capital grants	8,262,238	1,666,672
Payments for capital acquisitions	(9,631,585)	(372,389)
Net cash provided (used) by capital and related financing activities	(1,369,347)	1,294,283
Cash flows from investing activities:		
(Increase) decrease in short-term investments	347,178	(52,225)
Interest income	58,706	58,774
Net cash provided (used) by investing activities	405,884	6,549
Net increase (decrease) in cash and equivalents	(1,143,981)	1,171,085
Cash and cash equivalents, beginning	1,795,327	624,242
Cash and cash equivalents, ending	\$ 651,346	\$ 1,795,327
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (320,047)	\$ (232,403)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	262,976	262,973
Non-cash transaction - forgiveness of note receivable	20,000	20,000
Change in operating assets and liabilities:		
(Increase) decrease in rent receivable	(7,968)	831
(Increase) decrease in prepaid expenses	4,337	27,232
(Increase) decrease in leases receivable	-	2,749
Increase (decrease) in accounts payable	12,506	(4,697)
Increase (decrease) in advanced revenue	(150,687)	(133,183)
Increase (decrease) in net pension liability	(1,635)	(73,249)
Net cash provided (used) by operating activities	\$ (180,518)	\$ (129,747)

See notes to financial statements.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Activities of the Authority

The Pittsfield Economic Development Authority (the “Authority”) was created by the Massachusetts Legislature in 1998 (St. 1998, c.194, Section 268, as amended by St. 1998, c.486, Section 2 “Enabling Legislation”) for the purpose of redeveloping brownfields properties and promoting economic development in the City of Pittsfield. The Authority is the owner of certain industrial real property formerly owned by the General Electric Company (“GE”). This acquisition of land was the result of a settlement embodied in a consent decree that was approved by the United States District Court, Western District of Massachusetts in October of 2000. The specific terms of the land transfer were set forth in a separate Definitive Economic Development Agreement (the “DEDA”) between the Authority, GE, and the City of Pittsfield. Under the DEDA, as amended, GE transferred approximately 55 acres of land to the Authority, which is being developed for commercial/industrial space.

Economic Dependency

GE provided \$15.3 million to the Authority to support redevelopment efforts on the transferred property (see Note 8). Additional committed funding from GE totaling \$3,750,000 is outlined in Note 9. The Authority has also received, and expects to rely in the future upon, grants, loans, and other funding from federal and state agencies.

Reporting Entity and Basis of Presentation

The accounts of the Authority are presented on the basis considered to be a separate accounting and legal entity. The Authority does not have any component units as defined by the Governmental Accounting Standards Board to include in its financial statements. The operations of each fund are accounted for in a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, expenditures or expenses and other financing sources and uses.

Basis of Accounting

An enterprise fund, which is a type of propriety fund, is used to account for the Authority’s business-type operations. An enterprise fund is used when legal requirements, or management’s policy requires, that the cost of providing services be recovered at least in part through fees or charges. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. The accrual basis of accounting is used by proprietary funds whereby revenues are recognized when they are earned and expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing activities. The principal operating revenues of the Authority’s enterprise fund are charges to customers for rental and related activities and GE operating support. Operating expenses of the Authority’s enterprise fund include the cost of services, maintenance and administrative expenses, and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgetary Data

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Executive Director presents to the Authority’s Board a draft budget for approval by January 1, each year, for the fiscal year commencing. The budget includes proposed expenditures and the means of financing them.
2. The budget may be amended during the year. There were no amendments to the original budget in fiscal year 2024.

NOTE 1 - (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Short-Term Investments

Short-term investments are presented in the financial statements at fair value. Short-term investments consist of bank certificates of deposit.

Grants Receivable

Operating and capital grant income is recorded at the time eligible expenditures under the terms of the grants are incurred.

Prepaid Expenses

Certain payments to vendors which reflect costs applicable to future accounting periods are recorded as prepaid expenses in the Statement of Net Position.

Property and Equipment

Property and equipment acquired are recorded at acquisition cost and depreciated using the straight-line method over three to forty year lives. In-kind contribution of property is recorded at fair market value at the date of the donation.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net assets, while deferred inflows of resources represent an acquisition of net assets, that applies to a future period(s) and will not be recognized as an outflow (expenditure) or inflow (revenue) of resources until then. Deferred outflows and inflows of resources on the statement of net position consist of unrecognized items not yet charged or credited to lease income and pension expense.

Net Pension Liability

For purposes of measuring the net pension liability, related deferred outflows and inflows of resources, pension expense, and information about the fiduciary net position of the Pittsfield Retirement System, have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through April 14, 2025, the date the financial statements were available for issue, and has determined that there are no additional adjustments or disclosures required.

NOTE 2 - DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Authority. Deposits including demand deposits, money markets and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved. Investments may be made in unconditionally guaranteed U.S. Government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations.

NOTE 2 - (Continued)

Other allowable investments include authorized bonds of all states, banker's acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the Massachusetts Municipal Depository Trust (MMDT).

Custodial Credit Risk Related To Deposits

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority carries deposits and short-term investments that are insured by FDIC insurance, DIF insurance, NCUA insurance, or collateralized. Bank deposits, as of December 31, 2024, were \$1,875,154, of which \$1,803,008 was insured and collateralized and \$72,146 was uninsured.

Concentration Risk

The Authority adheres to the provisions of M.G.L. c. 44, sec. 55 when managing concentration risk. M.G.L. c. 44, sec. 55 contains several restrictions limiting where and under what circumstances the Authority may deposit its funds. Pursuant to M.G.L. c. 44, sec. 55, cities, towns, and authorities in the Commonwealth may deposit available fund balances in banks, trust companies, or banking companies, provided that the amounts deposited do not exceed certain thresholds of the capital and surplus of an institution unless satisfactory security for the amount in excess of the threshold is provided by the depository.

NOTE 3 - CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,415,829	\$ -	\$ -	\$ 2,415,829
Site 9 development project in progress	379,979	9,596,825	-	9,976,804
Total capital assets, not being depreciated	2,795,808	9,596,825	-	12,392,633
Capital assets, being depreciated				
Infrastructure	10,519,025	-	-	10,519,025
Accumulated depreciation	(2,907,271)	(262,976)	-	(3,170,247)
Total	7,611,754	(262,976)	-	7,348,778
Capital assets, net	<u>\$ 10,407,562</u>	<u>\$ 9,333,849</u>	<u>\$ -</u>	<u>\$ 19,741,411</u>

The Authority's capital assets, including land and infrastructure, were acquired through transfers from the General Electric Company (GE), transfers from Eversource (formerly the Western Massachusetts Electric Company), acquisitions by eminent domain, by purchase with the use of GE funds, and in-kind contribution from the Commonwealth of Massachusetts. Depreciation expense incurred on assets received by in-kind contribution, GE or purchased with GE funds is not charged against the funding received from GE.

Site 9 Development Project

The Authority has undertaken a redevelopment project at Site 9 of the William Stanley Business Park. The project included removal of foundations on the site, the addition of greenspace, and new roadways for traveling within the parcel. The project is funded by various sources (Brownfields grant, Site Readiness program grant, MassWorks infrastructure program grant, Economic Development Earmark, City of Pittsfield American Rescue Plan Act (ARPA), and General Electric Company). As of December 31, 2024, construction was substantially complete. The project is expected to be fully complete in Spring of 2025 pending final environmental testing.

NOTE 4 - LEASES

The Authority, as a lessor, has entered into two leases with lease terms expiring through 2069.

A lease is a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The Authority determines whether a contract conveys control of the right to use the underlying asset by assessing both of the following:

- 1) The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and
- 2) The right to determine the nature and manner of use of the underlying asset as specified in the contract.

The lease term is determined as follows:

- The period during which the lessee has a non-cancellable right to use an underlying asset, plus
- Periods covered by the Authority's option to extend and/or terminate the lease if it is reasonably certain that it will exercise those options, plus
- Periods covered by the lessee's option to extend and/or terminate the lease if it is reasonably certain that it will exercise those options.

Lease recognition and measurement

The Authority, as a lessor, is required to recognize lease receivables at the present value of lease payments anticipated to be received at or before the commencement of the lease term that relate to future periods. A corresponding deferred inflow of resources is recorded in an amount equal to the lease receivable plus certain additional amounts received from the lessee that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflow of resources is recognized in a systematic and rational manner over the term of the lease.

The Authority assesses each lease receivable annually for changes in the terms of the lease, interest rate, impairment of the underlying leased asset, or other factors that may impact the expected future lease payments.

The Authority, as lessor, leases land to the following entities:

Entity	Asset	Annual Rent Income	Current Lease Term Ends
MountainOne	1.81 acres of land	\$ 12,162	7/18/2062
Berkshire Innovation Center	1.00 acre of land	\$ 1	6/28/2069

The Authority evaluated the agreements above and determined only the MountainOne contract met the criteria of a lease for inclusion on the statement of net position as a long-term lease receivable.

NOTE 4 - (Continued)*Ground lease with MountainOne (previously Pittsfield Stanley Works, LLC)*

During 2011, the Authority entered into a lease agreement with Pittsfield Stanley Works, LLC to lease a parcel of land, designated as Parcel 2 at the William Stanley Business Park which is redeveloped land owned by the Authority. On June 5, 2019, the lease was assumed by MountainOne Bank. There were no changes to the terms of the lease agreement. The discount rate used for calculation of the lease receivable was 4.5%. The initial term of the lease is fifty-one (51) years. The lease term may be extended for two additional periods of twenty-four years each. The Lessee is also responsible for its share of Common Area Maintenance costs as described in the lease agreement. Total lease income was \$12,162 and common area maintenance income was \$3,234 for the year ended December 31, 2024.

At June 30, 2024, lease receivable consisted of the following:

Ground lease	<u>\$ 220,304</u>
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Future minimum lease payments to be received are as follows:

Year Ending December 31,	Principal Receipts	Interest Receipts	Total Receipts
2025	\$ 2,295	\$ 9,867	\$ 12,162
2026	2,401	9,761	12,162
2027	2,511	9,651	12,162
2028	2,627	9,535	12,162
2029	2,747	9,415	12,162
2030 - 2034	15,749	45,061	60,810
2035 - 2039	19,714	41,096	60,810
2040 - 2044	24,679	36,131	60,810
2045 - 2049	30,892	29,918	60,810
2050 - 2054	38,671	22,139	60,810
2055 - 2059	48,408	12,402	60,810
2060 - 2062	<u>29,610</u>	<u>1,810</u>	<u>31,420</u>
Total	<u>\$ 220,304</u>	<u>\$ 236,786</u>	<u>\$ 457,090</u>

Ground lease with Berkshire Innovation Center

During 2018, the Authority entered into a lease agreement with the Berkshire Innovation Center (previously with the City of Pittsfield from August 2015 through June 2018) to lease a parcel of land at the corner of Woodlawn Avenue and East Street for the purpose of constructing a facility to promote growth of existing businesses in Berkshire County. The initial term of the lease is fifty-one (51) years. The lease term may be extended for two additional periods of twenty-four (24) years each. The lessee shall pay annual rent of \$1. The Lessee is also responsible for its share of Common Area Maintenance costs as described in the lease agreement. Total common area maintenance income was \$7,161 for the year ended December 31, 2024.

NOTE 5 - PENSION PLAN

Plan description

The Authority participates in the Pittsfield Retirement System (the Plan) which is a cost-sharing multiple-employer public employee retirement system. The Plan provides pensions for eligible employees of 4 participating employers. The Plan is governed and operated by an independent Retirement Board, which is governed by Chapter 32 of the Massachusetts General Laws. This law in general provides uniform benefits, uniform contribution requirements and a uniform accounting and funds structure. Participation in the Plan is mandatory for all full-time employees. Eligibility with respect to part-time, provisional, temporary, seasonal or intermittent employment is governed by regulations promulgated by the Retirement Board, and approved by the Public Employee Retirement Administration Commission (PERAC).

Results of the Plan are based on liabilities developed in an actuarial valuation performed as of January 1, 2023 with a measurement date of December 31, 2023.

Accounting Policy

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Membership

There are three classes of membership in the Plan:

Group 1

General employees, including clerical, administrative, technical and all other employees not otherwise classified.

Group 2

Certain specified hazardous duty positions.

Group 4

Police officers, firefighters, and other specified hazardous positions.

At December 31, 2023, pension plan membership consisted of the following:

Active members	869
Retired members and beneficiaries	804
Inactive members entitled to a return of employee contributions	286
Inactive members with a vested right to a deferred or immediate benefit	<u>39</u>
Total	<u>1,998</u>
Number of participating employers	<u>4</u>

Benefits

The Plan provides pension benefits, deferred allowances, and death and disability benefits. A member's annual allowance is determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his or her creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year (or five year salary for persons who became members on or after April 2, 2012) average salary. For veterans as defined in MGL Chapter 32, there is an additional benefit per year for each year of creditable service, up to a stated maximum as defined in the Plan.

NOTE 5 - (Continued)

There is no mandatory retirement age for employees in Group 1. Group 2 and Group 4 members who are employed in certain public safety positions are required to retire at age 65. A person who became a member before April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- Completion of 20 years of service, or
- Attainment of age 55 if hired prior to 1978, or if classified in Group 4, or
- Attainment of age 55 with 10 years of service, if hired after 1978, and if classified in Group 1 or 2

A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- Attainment of age 60 with 10 years of service if classified in Group 1, or
- Attainment of age 55 with 10 years of service if classified in Group 2, or
- Attainment of age 55 if hired prior to 1978, or if classified in Group 4

Contributions

Contributions to provide benefits under the Plan are made by the Authority under the “pay-as-you-go” method by annually contributing the amount determined by the State Public Employee Retirement Administration Commission. The contribution is calculated as the amount necessary to provide for the following year’s retirement benefits. Member contributions vary depending on the most recent date of membership:

Prior to 1975:	5% of regular compensation
1975 to 1983:	7% of regular compensation
1984 to 6/30/1996:	8% of regular compensation
7/1/1996 to present:	9% of regular compensation
1979 to present:	an additional 2% of regular compensation in excess of \$30,000.

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

Pension Liabilities, Expense and Deferred Inflows and Outflows of Resources

At December 31, 2024, the Authority reported a net pension liability of \$146,672, deferred outflows of resources of \$12,794, and deferred inflows of resources of \$-0- for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2023, the Authority’s proportion was 0.10%. Net pension liability, deferred outflows/inflows of resources and pension expense are allocated to each employer based on its proportionate share of total employer contributions. For the year ended December 31, 2024, the Authority recognized pension expense of \$13,250; contributions of \$14,885 paid into the Plan plus the change in the net pension liability of \$(1,635). Contributions made subsequent to the measurement date of December 31, 2023 were \$-0-.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2023 with a measurement date of December 31, 2023 using the following actuarial assumptions, applied to all periods included in the measurement date:

Investment rate of return:	7.00% net of pension plan investment expense, including inflation.
Salary increases:	Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4.
Inflation:	2.50% per year.

NOTE 5 - (Continued)**Actuarial Assumptions**

Cost of Living Adjustment 3% of first \$16,000.

Mortality Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 (gender distinct).

Post retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 (gender distinct).

For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2021 (gender distinct).

The investment return assumption is a long-term assumption and is based on capital market expectations by asset class, historical returns, and professional judgment. The market expectations analysis used a building block approach which included expected returns by asset class and the target asset allocation.

Changes in net pension liability

	Pittsfield Retirement Board			Pittsfield Economic Development Authority		
	100%			0.10%		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at January 1, 2023	\$ 331,173,000	\$ 175,074,000	\$ 156,099,000	\$ 331,173	\$ 175,074	\$ 156,099
Net changes	7,593,000	17,020,000	(9,427,000)	7,593	17,020	(9,427)
Balances at December 31, 2023	<u>\$ 338,766,000</u>	<u>\$ 192,094,000</u>	<u>\$ 146,672,000</u>	<u>\$ 338,766</u>	<u>\$ 192,094</u>	<u>\$ 146,672</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$182,400	\$146,672	\$116,300

NOTE 5 - (Continued)

Deferred outflows and inflows of resources

At December 31, 2024, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,602	\$ -
Net difference between projected and actual investment earnings on pension plan assets	7,188	
Changes in assumptions	3,004	-
Total	<u>\$ 12,794</u>	<u>\$ -</u>

Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2025	\$ 3,320
2026	3,714
2027	6,989
2028	(1,229)
	<u>\$ 12,794</u>

Pension Plan Fiduciary Net Position

The Plan does not issue separate financial statements. An actuarial valuation is performed every two years, which is available through the Massachusetts Public Employee Retirement Administration Commission.

Payable to Pension Plan

At December 31, 2024, the Authority reported a payable of \$-0- for outstanding amounts of contributions to the pension plan.

NOTE 6 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. As of the date of the financial statements, the Authority is not aware of any expenditure that may be disallowed by a grantor.

NOTE 7 - FORGIVABLE NOTES RECEIVABLE

Berkshire Innovation Center Note Receivable # 1

In 2014, the Authority entered into an Economic Development Grant Agreement with the Berkshire Innovation Center, Inc. (BIC), a Massachusetts not-for-profit corporation, and provided \$250,000 of grant assistance in the form of a forgivable note receivable for the establishment and operation of the Berkshire Innovation Center. The term of the note is ten years with no repayment under the note required. Twenty percent of the outstanding note receivable shall be forgiven by the Authority each year on the anniversary date until the outstanding principal amount is zero. The Authority's disbursement of the funds and subsequent amounts forgiven are subject to certain benchmarks, matching, and other compliance requirements. The note receivable was forgiven by the Authority during the year ended December 31, 2021. BIC has to maintain compliance with benchmarks and other compliance requirements through 2024.

NOTE 7 - (Continued)*Berkshire Innovation Center Note Receivable # 2*

In 2018, the Authority entered into a second Recoverable Grant Agreement with BIC, and provided \$300,000 of grant assistance in the form of a forgivable note receivable, in support of BIC operating costs. The term of the note is 15 years, with \$20,000 to be forgiven annually until the outstanding principal is zero. The Authority's disbursement of the funds and subsequent amounts forgiven are subject to certain benchmarks and other compliance requirements. The unforgiven balance at December 31, 2024 is \$180,000.

Total funding provided, amounts forgiven, and unforgiven balances as of December 31, 2024 is as follows:

	BIC Note 1	BIC Note 2	Total
Total funds granted in the form of a forgivable note receivable	\$ 250,000	\$ 300,000	\$ 550,000
Total amount forgiven in prior years	(250,000)	(100,000)	(350,000)
Total amount forgiven in current year	-	(20,000)	(20,000)
Balances as of December 31, 2024	<u>\$ -</u>	<u>\$ 180,000</u>	<u>\$ 180,000</u>

The balance of the forgivable notes receivable has the following maturities during the years ended December 31:

	BIC Note 2
2025	\$ 20,000
2026	20,000
2027	20,000
2028	20,000
2029	20,000
Thereafter	<u>80,000</u>
Total	<u>\$ 180,000</u>

NOTE 8 - ADVANCED REVENUE

General Electric Company agreed to make fifteen million three hundred thousand dollars (\$15,300,000) available to the Authority for economic redevelopment as stated in the Definitive Economic Development Agreement. The amount drawn down, utilized and available is as follows:

	Beginning Balance	Current Year Activity	Ending Balance
Total funds drawn down in prior years	\$ 15,300,000	\$ -	\$ 15,300,000
Revenue earned and expended on operations	(9,248,665)	(150,687)	(9,399,352)
Revenue earned and expended on capital projects	(2,919,740)	-	(2,919,740)
Revenue applied to capital loan repayment	<u>(2,739,806)</u>	<u>-</u>	<u>(2,739,806)</u>
Advanced settlement revenue	391,789	(150,687)	241,102
Other advanced revenue (see Note 9):			
Landscaping fund	1,856,076	(1,046,367)	809,709
Foundation fund	<u>750,000</u>	<u>(400,000)</u>	<u>350,000</u>
Total advanced revenue	<u>\$ 2,997,865</u>	<u>\$ (1,597,054)</u>	<u>\$ 1,400,811</u>

NOTE 9 - LANDSCAPING AND FOUNDATION FUND

Landscaping Fund

General Electric Company (GE) agreed to make three million dollars available for landscaping as stated in the Definitive Economic Development agreement. The landscaping fund can be utilized by GE as well as the Authority. As of December 31, 2024, the Authority has drawn down the full \$3,000,000 from GE and has used \$2,190,291.

Foundation Fund

During 2011, the Authority entered into an agreement regarding foundations with GE, whereby GE made additional funds available in consideration of the Authority's future need to develop certain property (Teen's Complex) without being unreasonably constrained by the configuration of existing building foundations. The additional funds are available to the Authority for the same purposes and subject to the same terms and conditions as specified in the DEDA. In exchange for the funds, the Authority agreed that GE has fully satisfied their obligations under Section II.F of the DEDA, including but not limited to GE's obligation to provide the Authority at least 350,000 square feet of existing building foundations or appropriate sites for new foundations.

The details of the Landscaping and Foundation Funds drawn down, utilized and available is shown in the following schedule.

	Landscaping Fund	Foundation Fund	Total
Total funds drawn down in prior years	\$ 3,000,000	\$ 750,000	\$ 3,750,000
Revenue earned and expended on operations:			
In prior years	(1,143,924)	-	(1,143,924)
In current year	(1,046,367)	(400,000)	(1,446,367)
Total	(2,190,291)	(400,000)	(2,590,291)
Advanced revenue	\$ 809,709	\$ 350,000	\$ 1,159,709

NOTE 10 - NATURAL RESOURCE OBLIGATION/ RESTRICTED DEFICIT

The Authority was joined as a necessary party to a Consent Decree entered by the United States District Court for the District of Massachusetts on October 27, 2000 in United States of America, et, al. vs. General Electric Company, civil Action No. 99-30225 MAP (D.Mass) and entered into by the United States, the Commonwealth of Massachusetts, the State of Connecticut, the General Electric Company, the Authority, and the City of Pittsfield (the "Consent Decree"). Under the Consent Decree, the Authority had certain obligations with respect to the payment of natural resource damages. The Authority was required to pay a total of \$4,000,000 consisting of in-kind services and/or a percentage of its net revenues to the Trustee Council (Massachusetts SubCouncil of the Housatonic River Natural Resource Trustees), subject to the terms and conditions set forth in the Consent Decree. This resulted in a deficit restricted for the natural resources obligation of \$4,000,000. Further, the Consent Decree stated that the Trustee Council may accept in-kind services by the City of Pittsfield or by other entities. In June 2018, the Authority provided the Trustee Council with a summary of restoration projects to meet the in-kind services obligation under the Consent Decree.

On February 22, 2021, the Trustee Council determined that the Authority met the in-kind obligation in accordance with the Consent Decree. Accordingly, the Authority recorded the release (forgiveness) of the natural resource obligation for \$4,000,000 in fiscal year 2021.

NOTE 11 - LONG-TERM DEBT

The Authority entered into a loan agreement on November 4, 2002, with the Massachusetts Development Finance Agency and received uncollateralized loan proceeds of \$124,217 to cover the Authority's 10% share of a 10-year environmental insurance policy. This loan was forgiven in 2024.

The Authority entered into a recoverable grant (loan) agreement on June 30, 2017 with the Massachusetts Development Finance Agency to expend up to \$75,000 for engineering services associated with the 40's complex concrete slab study. The project was completed in 2018 and the total amount expended under the grant was \$73,084. The Authority is required to repay the loan balance of \$73,084 without interest if the 40's site or any portion thereof is sold, conveyed, gifted, demised, ground leased, otherwise transferred, or refinanced. If no event indicated in the agreement requires payment within 30 years, then the agreement expires and the loan amount outstanding at that time will be forgiven.

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>
Mass Development Finance Agency					
Environmental Insurance Premium	N/A	None	\$ 124,217	\$ (124,217)	\$ -
Recoverable loan agreement	N/A	None	<u>73,084</u>	<u>-</u>	<u>73,084</u>
Total			<u>\$ 197,301</u>	<u>\$ (124,217)</u>	<u>\$ 73,084</u>

NOTE 12 - RISKS TRANSFERRED TO THIRD PARTIES

The Authority is exposed to various risks of loss relating to torts; theft or damage of, and destruction of assets; errors and omissions; injuries; and natural disasters. The Authority has obtained a variety of commercial and environmental liability insurance policies, which pass the risks of loss listed above to independent third parties.

NOTE 13 - REDEVELOPMENT PROJECT

Site 9 Redevelopment Project

The Authority has secured approximately \$10.8 million in funding from various sources (Brownfields grant, Site Readiness program grant, MassWorks infrastructure program grant, Economic Development Earmark, City of Pittsfield, and General Electric Company) to redevelop certain property known as Site 9. The project includes the removal of old building foundations, addition of roadways and greenspace within the parcel. The design and site readiness phase of the project began in 2023, and construction began in early 2024. Construction was mostly completed as of December 31, 2024. The Authority is working with the MA Department of Environmental Protection and the Environmental Protection Agency on final testing of the site and approval of the amended environmental restrictions easement, which is expected to be completed in Spring 2025. Site 9 is a 16-acre parcel at the corner of Woodlawn Avenue and Tyler Street Extension, which previously housed a General Electric Company factory and is the largest section of the William Stanley Business Park. The end goal of the redevelopment project is to have private investment, private development, and economic development on the site.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

**Schedule of the Authority's Proportionate Share
of the Net Pension Liability**

	Plan Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Pittsfield Retirement System net pension liability	\$ 146,672,000	\$ 156,099,000	\$ 114,198,000	\$ 137,373,000	\$ 139,057,000	\$ 150,092,000	\$ 127,935,000	\$ 134,059,000	\$ 133,129,000	\$ 123,909,000
Authority's proportion of the net pension liability	0.10%	0.10%	0.16%	0.16%	0.18%	0.18%	0.19%	0.19%	0.07%	0.13%
Authority's proportionate share of the net pension liability	\$ 146,672	\$ 156,099	\$ 182,717	\$ 219,797	\$ 250,303	\$ 270,165	\$ 243,077	\$ 254,712	\$ 93,190	\$ 161,082
Authority's covered-employee payroll	\$ -	\$ -	\$ -	\$ 20,875	\$ 32,500	\$ 33,750	\$ 61,250	\$ 67,500	\$ 65,000	\$ 65,000
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	1052.92%	770.16%	800.49%	396.86%	377.35%	143.37%	247.82%
Plan fiduciary net position as a percentage of the total pension liability	56.70%	52.86%	63.50%	55.13%	52.57%	47.59%	52.49%	47.96%	46.64%	48.43%

Schedule of Authority Pension Contributions

	Plan Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Pittsfield Retirement System contractually required contribution	\$ 17,144,732	\$ 16,297,274	\$ 15,491,705	\$ 14,725,955	\$ 13,998,056	\$ 13,318,798	\$ 12,672,500	\$ 12,057,600	\$ 11,472,529	\$ 11,010,977
Authority's contractually required contribution	\$ 16,721	\$ 16,297	\$ 24,175	\$ 23,562	\$ 25,197	\$ 23,899	\$ 23,999	\$ 22,830	\$ 8,002	\$ 7,679
Authority's contributions in relation to the contractually required contribution	(16,721)	(16,297)	(24,175)	(23,562)	(25,197)	(23,899)	(23,999)	(22,830)	(8,002)	(7,679)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ -	\$ -	\$ -	\$ 20,875	\$ 32,500	\$ 33,750	\$ 61,250	\$ 67,500	\$ 65,000	\$ 65,000
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	112.87%	77.53%	70.81%	39.18%	33.82%	12.31%	11.81%

Notes to the Required Supplementary Information

Changes of benefit terms: None.

Changes of assumptions: Economic and demographic changes.

See independent auditors' report.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

SUPPLEMENTARY INFORMATION

**STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL**

For the Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues			
General Electric Company	\$ 276,040	\$ 150,687	\$ (125,353)
Ground lease income	12,150	12,162	12
CAM management fee income	10,650	10,395	(255)
Rental income	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Total operating revenues	<u>298,840</u>	<u>179,244</u>	<u>(119,596)</u>
Operating expenses			
Management and General			
Contracted services	64,000	63,015	985
Retirement contributions	18,000	14,885	3,115
Administrative expenses	3,700	2,548	1,152
Advertising and marketing	5,500	2,588	2,912
Insurance	5,100	5,563	(463)
Maintenance and repairs	23,500	15,442	8,058
Professional fees	16,000	18,500	(2,500)
Telephone and utilities	<u>2,000</u>	<u>826</u>	<u>1,174</u>
Total management and general	<u>137,800</u>	<u>123,367</u>	<u>14,433</u>
Project Development			
Insurance	34,400	35,852	(1,452)
Contract costs	126,640	58,731	67,909
Forgiveness of note receivable	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total project development costs	<u>181,040</u>	<u>114,583</u>	<u>66,457</u>
Total operating expenses	<u>318,840</u>	<u>237,950</u>	<u>80,890</u>
Operating income (loss)	<u>(20,000)</u>	<u>(58,706)</u>	<u>(38,706)</u>
Non-operating activities			
Capital grant income - Site 9	10,459,593	9,596,825	(862,768)
Capital outlay - Site 9	(10,459,593)	(9,596,825)	862,768
Interest income	<u>20,000</u>	<u>58,706</u>	<u>38,706</u>
Total non-operating activities	<u>20,000</u>	<u>58,706</u>	<u>38,706</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of the Pittsfield Economic Development Authority as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Pittsfield Economic Development Authority's basic financial statements, and have issued our report thereon dated April 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pittsfield Economic Development Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pittsfield Economic Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pittsfield Economic Development Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pittsfield Economic Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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April 14, 2025